

## **ARIZONA DEMONSTRATION FACT SHEET**

November 6, 2006

**Name of Section Demonstration/Waiver:** Arizona Health Care Cost Containment System (AHCCCS) 1115 Demonstration

**Date Proposal Submitted:** May 22, 1982  
**Date Proposal Approved:** July 13, 1982  
**Date Implemented:** October 1, 1982  
**Date Expires:** September 30, 2006

**Date Renewal Submitted:** September 27, 2005  
**Date Extension Approved:** October 27, 2006  
**Extension Expiration:** September 30, 2011

### **SUMMARY**

Until 1982, Arizona was the only State that did not have a Medicaid program under title XIX. In October 1982, Arizona implemented the AHCCCS as a section 1115 demonstration project.

From October 1982 until December 1988, AHCCCS covered only acute care services, except for 90-day post-hospital skilled nursing facility coverage. In November 1988, a 5-year extension of the program was approved (later amended to 6 years) by CMS to allow Arizona to implement a capitated long term care (LTC) program for the elderly and physically disabled (EPD) and the developmentally disabled (DD) populations. The Arizona Long Term Care System (ALTCS) began in December 1988 for DD members and in January 1989 for EPD members. It is administered as a distinct program from the acute care program.

On October 1, 1990, AHCCCS began phasing in comprehensive behavioral health services, beginning with coverage of seriously emotionally disabled children under the age of 18 years who require residential care. Over the next 5 years, behavioral health coverage was extended to all Medicaid-eligible persons.

In November of 2000, Arizona voters approved Proposition 204, which expanded income limits to 100 percent of the Federal poverty level (FPL) for full acute care Medicaid. This expansion was approved in January 2001 by CMS and included coverage up to 100 percent for traditional Temporary Assistance for Needy Families and SSI populations as well as adults without dependent children in addition to the Medical Expense Deduction (MED) program for Medicaid-eligible persons.

In 2001 the AHCCCS program submitted a HIFA amendment and the State received permission from CMS to use title XXI funds to expand coverage to two populations: (1) adults over age 18 without dependent children and with adjusted net family income at or below 100 percent of the FPL, and (2) individuals with adjusted net family income above

100 percent FPL and at or below 200 percent FPL who are parents of children enrolled in the Arizona Medicaid or State Health Insurance Program (SCHIP) programs, but who themselves are not eligible for either program. Children are enrolled in the Arizona SCHIP program, known as “KidsCare.”

On March 13, 2006, Arizona submitted a “Waiver Renewal Proposal” for its entire section 1115 demonstration. This renewal is significant in that it is the first time that the ALTCS portion of the demonstration is required to establish budget neutrality.

## **AMENDMENTS**

Number of Amendments: 9

### **1) Health Insurance Flexibility and Accountability (HIFA)**

**Date Amendment Submitted:** September 20, 2001

**Date Amendment Approved:** December 12, 2001

**Date Amendment Effective:** November 1, 2001

### **2) Estate Recovery**

**Date Amendment Submitted** January 17, 2001

**Date Amendment Approved:** March 14, 2002

**Date Amendment Effective:** March 14, 2002

### **3) Arizona Long Term Care Services (ALTCS) Premiums**

**Date Amendment Submitted:** January 16, 2004

**Date Amendment Approved:** October 27, 2006

**Date Amendment Effective:** October 27, 2006

### **4) Quarterly Income Disregard**

**Date Amendment Submitted:** February 3, 2004

**Date Amendment Approved:** N/A

**Date Amendment Effective:** N/A

### **5) Provider Choice**

**Date Amendment Submitted:** March 15, 2006

**Date Amendment Approved:** October 27, 2006

**Date Amendment Effective:** October 27, 2006

### **6) Employer Sponsored Insurance**

**Date Amendment Submitted:** March 15, 2006

**Date Amendment Approved:** October 27, 2006

**Date Amendment Effective:** October 27, 2006

### **7) Spouses as Paid Caregivers**

**Date Amendment Submitted:** March 15, 2006

**Date Amendment Approved:** October 27, 2006

**Date Amendment Effective:** October 27, 2006

### **8) MCO Disenrollment for Cause**

**Date Amendment Submitted:** March 15, 2006  
**Date Amendment Approved:** N/A  
**Date Amendment Effective:** N/A

#### **9) Mandatory Enrollment**

**Date Amendment Submitted:** March 15, 2006  
**Date Amendment Approved:** October 27, 2006  
**Date Amendment Effective:** October 27, 2006

#### **ELIGIBILITY**

- Medicaid Mandatory Eligibles – 843,507 (combined)
- Medicaid Optional Eligibles -
- Expansion Group Eligibles – 123,771

#### **DELIVERY SYSTEM**

Acute care services are provided by ten private or county-owned health plans, which are selected through a competitive bidding process. Effective October 1, 1997, the 15 Arizona counties were grouped into nine acute care Geographic Service Areas (GSAs). Health plans submit separate bids for each GSA they wish to serve. The bidding process weights access and quality factors more heavily than capitation rates. To help ensure that AHCCCS beneficiaries have access to appropriate medical care, health plan contracts stipulate specific provider networks, ensuring provider availability in both urban and rural locations. All members have a choice of at least two health plans. The acute care health plans also serve the KidsCare population.

The ALTCS program is managed by AHCCCS through seven program contractors who are responsible for the EPD delivery system. Program contractors are responsible for providing all acute care services covered under AHCCCS to LTC eligibles and they are paid a capitation rate for each enrollee. With the bid process for contracts beginning October 1, 2000, the GSA structure was extended to LTC and the ALTCS program began the process of competitively bidding the services of the program contractors. Prior to that date, only one program contractor operated in each county. Beginning October 1, 2000, ALTCS EPD members residing in Maricopa County have a choice of three program contractors, including the county government and two private contractors. As of October 2001, all GSAs are part of the ALTCS competitive bid process. The Arizona Department of Economic Security is the sole program contractor for the DD population statewide.

There are two separate delivery systems for behavioral health services in Arizona: one for persons enrolled in the acute care program and one for persons enrolled in the long term care program. All behavioral health services for enrollees in the acute care program are administered through the Arizona Department of Health Services, which in turn subcontracts with five Regional Behavioral Health Authorities (RBHAs) and three tribal RBHAs (TRBHAs) located throughout the State. The RBHAs are responsible for client evaluation and diagnosis, service and treatment planning, case management, coordination with the Health Plan, and providing all behavioral health services through subcontracts with behavioral health providers. For ALTCS enrollees, services are administered

through the Program Contractors. The Program Contractors may contract for behavioral health services through providers or the RBHAs.

## **BENEFITS**

The AHCCCS program covers inpatient and outpatient hospital services, emergency room care, physician services, outpatient health services, lab, X-ray, pharmacy, behavioral health services, and several other services.

Benefits covered under ALTCS include acute care services as well as Nursing Facility days, Intermediate Care Facility for the Mentally Retarded days, case management, behavioral health services, and HCBS. HCBS covered by ALTCS include home health care, homemaker services, personal care, adult day health, hospice, respite care, transportation, attendant care, environmental modification, life line alert, and home-delivered meals. Habilitation and day-care services are also covered for the DD population.

The behavioral health services provided are primarily outpatient. They include individual and group therapy and counseling, emergency crisis behavioral health care, partial care, psychotropic medications, behavior management, and psychosocial rehabilitation. Inpatient psychiatric hospital services are available for persons under 21 years of age and Institution for Mental Disease services are available for members 65 years of age and older. For adults 21 through 64, behavioral health services are covered in three types of inpatient facilities: psychiatric health facilities, detoxification facilities, and crisis stabilization facilities. With the renewal approved October 27, 2006 the Institutions for Mental Disease (IMD) waiver authority is being phase out over a 3-year period. This will make the program consistent with other 1115 demonstrations.

## **QUALITY AND EVALUATION PLAN**

AHCCCS specifies standards that plans must meet for the number and types of providers in each contract's geographical location, requires plans to routinely provide data documenting a plan's stability and levels of care provided, and requires plans to conduct various studies measuring patient outcomes.

Recognizing that most of the Federal requirements for quality assurance activities currently in place are geared to address problems in traditional fee-for-service programs, AHCCCS developed and implemented a Quality Management program tailored for a managed care environment. In 1995, CMS and AHCCCS entered into a partnership on a Quality Management Initiative that is designed to measure health care outcomes with quality indicators and encounter data. AHCCCS regularly submits acute and LTC utilization reports and Quality Indicator reports and also conducts and publishes member satisfaction and provider satisfaction surveys.

## **COST SHARING**

In accord with waivers granted to the State of Arizona, copayments may be imposed on covered services. Providers are responsible for the collection of copayments from members. The following is a listing of Cost Sharing by program:

- **Arizona Acute Care Program (AACP) Cost Sharing** – With the exception of individuals eligible for the title XIX waiver group (the MED Expansion Group and adults without dependent children 0-100 percent FPL), cost sharing does not exceed nominal cost sharing limits. Individuals eligible for the title XIX waiver group are subject to the following co-payments:
  - Generic prescriptions or brand name prescriptions if generic is not available - \$4
  - Brand name prescriptions when generic is available - \$10
  - Non-emergency use of the emergency room - \$30
  - Physician office visit - \$5
- **Arizona Long Term Care System (ALTCS) Cost Sharing.**
  - a Monthly Premiums for ALTCS. The AHCCCS may implement a monthly premium on ALTCS eligible households with an adjusted gross income at or above 400 percent of the FPL that have children under the age of 18 years with developmental disabilities enrolled in ALTCS.
  - b The total of all monthly premiums will be 2 percent of the annual adjusted gross income for households with income between 400 percent and 500 percent of the FPL and 4 percent for households with income at and above 500 percent the FPL. There will be no distinction between institutional or non-institutional placements.
- **Arizona HIFA Cost Sharing.**
  - a Adults without dependent children follow all AHCCCS cost sharing rules per paragraph 33(d). The State may choose to implement the following co-payments for adults without dependent children:
    - i. Generic prescriptions or brand name prescriptions if generic is not available - \$4;
    - ii. Brand name prescriptions when generic is available - \$10;
    - iii. Non-emergency use of emergency room - \$30; and
    - iv. Physician office visit - \$5
  - b Parents will have the following fee schedule:

	100%-150% FPL	151%-175% FPL	176%-200% FPL
Premiums (October 1, 2006 through December 31, 2006)	\$15/mo - one parent \$30/mo – two parents	\$20/mo – one parent \$40/mo – two parents	\$25/mo – one parent \$50/mo – two parents
Premiums (effective January 1, 2007)	3% of Net Household Income	4% of Net Household Income	5% of Net Household Income
Enrollment Fee	\$15	\$20	\$25
Deductibles	None	None	None
Co-payments	None	None	None
ER Co-pays	\$1 if no emergency	\$1 if no emergency	\$1 if no emergency

- c Enrollees in the ESI program will have cost sharing set by their employer-

based coverage.

### **STATE FUNDING SOURCE**

Virtually all Medicaid state match funds are received as appropriations from the Legislature or from initiatives enacted by Arizona voters. Sources include the General Fund, Tobacco Settlement Funds, Tobacco Tax Funds, and county funds.

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